

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**EASTERN IOWA REGIONAL UTILITY
SERVICE SYSTEMS COMMISSION**

JUNE 30, 2009

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The logo for TOSTRUD & TEMP, S.C. features a large, stylized 'T' composed of several parallel diagonal lines. The text 'TOSTRUD' is positioned above the top bar of the 'T', and '&' is centered within the vertical stem of the 'T'.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Eastern Iowa Regional Utility
Service Systems Commission
Dubuque, Iowa

We have audited the accompanying proprietary fund statements of the Eastern Iowa Regional Utility Service Systems Commission ("Commission") as of June 30, 2009 and the related proprietary fund statements of revenues, expenses and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Commission has not presented a "Management's Discussion and Analysis" that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Eastern Iowa Regional Utility Service Systems Commission as of June 30, 2009 and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with the Government Auditing Standards, we have also issued a report dated June 23, 2010 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information identified in the Table of Contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Commission. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Testud & Temp, S. Cr

June 23, 2010

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2009

ASSETS

Current assets	
Cash and cash equivalents	\$ 28,798
Receivables	32,632
Total current assets	<u>61,430</u>
Property, plant and equipment	
Land	62,759
Plant and equipment	1,470,457
	<u>1,533,216</u>
Less accumulated depreciation	3,063
Net property, plant and equipment	<u>1,530,153</u>
Construction in progress	<u>186,222</u>
Total assets	<u><u>\$ 1,777,805</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 106,250
Current portion of loans payable	200,000
Accrued interest	2,633
	<u>308,883</u>
Long-term liabilities	
Loans payable	200,000
	<u>200,000</u>
Total liabilities	508,883
Net assets	
Invested in capital assets, net of related debt	1,316,375
Unrestricted	(47,453)
	<u>1,268,922</u>
Total liabilities and net assets	<u><u>\$ 1,777,805</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS - PROPRIETARY FUND
Year ended June 30, 2009

	Program	General	Total
Operating revenues			
Grant income	\$ 614,380	\$ 40,000	\$ 654,380
Developer fees	4,950	-	4,950
Sales tax refund	21,945	-	21,945
Service fees collected	-	38,223	38,223
Total operating revenue	<u>641,275</u>	<u>78,223</u>	<u>719,498</u>
Operating expenses			
Administrative expense	31,645	38,537	70,182
Architect and engineering fees	95,840	-	95,840
Legal fees	19,991	-	19,991
Insurance	-	3,111	3,111
Interest expense	20,757	-	20,757
Subcontractor costs	611,779	-	611,779
Other costs	1,995	796	2,791
Depreciation expense	-	3,063	3,063
Service fee costs	-	17,978	17,978
Total operating expenses	<u>782,007</u>	<u>63,485</u>	<u>845,492</u>
Less - construction in progress	782,007	-	782,007
Net operating expenses	<u>-</u>	<u>63,485</u>	<u>63,485</u>
Operating income	641,275	14,738	656,013
Non-operating income			
Interest income	<u>-</u>	<u>107</u>	<u>107</u>
Changes in net assets	641,275	14,845	656,120
Net assets at July 1, 2008	<u>567,139</u>	<u>45,663</u>	<u>612,802</u>
Net assets at June 30, 2009	<u>\$ 1,208,414</u>	<u>\$ 60,508</u>	<u>\$ 1,268,922</u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
Year ended June 30, 2009

Cash flows from operating activities	
Receipts from customers	\$ 65,118
Receipts from grants	634,249
Payments to suppliers for goods and services	<u>(796,266)</u>
Net cash provided by (used in) operating activities	(96,899)
Cash flows from capital and related financing activities	
Acquisition and construction of capital assets	390,000
Payment of principal on long-term debt	<u>(273,105)</u>
Net cash used in capital and related financing activities	116,895
Cash flows from investing activities	
Interest received	<u>107</u>
Net cash provided by investing activities	<u>107</u>
Net increase in cash	20,103
Cash at July 1, 2008	<u>8,695</u>
Cash at June 30, 2009	<u><u>\$ 28,798</u></u>

**Reconciliation of Operating Income (Loss) to Net
Cash Provided By (Used In) Operating Activities**

Operating income	\$ 656,013
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	3,063
(Increase) decrease in accounts receivable	(20,132)
(Increase) decrease in other assets	(782,006)
Increase (decrease) in accounts payable	<u>46,163</u>
	<u>(752,912)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (96,899)</u></u>

The accompanying notes are an integral part of this statement.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS
Year ended June 30, 2009

NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

On February 11, 2005 the Eastern Iowa Regional Utility Service Systems Commission ("Commission") was created as a public body corporate and politic and separate legal entity pursuant to Chapter 28E of the Code of Iowa by the Counties of Cedar, Clinton, Delaware, Jackson and Jones, Iowa.

The Commission was created for the purpose of planning, designing, developing, financing, constructing, owning, operating and maintaining essential facilities and services including, but not limited to, wastewater treatment systems and water systems for and on behalf of the Counties and the cities and unincorporated areas within the Counties.

1. Financial Statements

The financial statements of the Eastern Iowa Regional Utility Service Systems Commission ("Commission") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Commission are described below.

2. Component Units

Accounting principles generally accepted in the United States of America (GAAP) require that these financial statements include the primary government and its component units. Component units are separate organizations that are included in the Commission's reporting entity because of the significance of its operational or financial relationships with the Commission. All significant activities and organizations with which the Commission exercises oversight responsibility have been considered for inclusion in the financial statements. The Commission has no component units, and it is not included in any other governmental reporting entity.

3. Basis of Presentation

The accounts of the Commission are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

**NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

3. Basis of Presentation - Continued

The Commission has the following proprietary fund:

Enterprise fund - Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the government body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The Commission accounts for its water and sewer utilities as enterprise funds.

4. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement Focus - Enterprise funds are accounted for on an economic resources measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenue) and decreases (expenses) in total net assets.

Basis of Accounting - Proprietary funds are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting and in accordance with accounting procedures prescribed by the Wisconsin Public Service Commission. Under this method, all assets and liabilities associated with operations are included on the balance sheet, revenues are recorded when earned, and expenses are recorded when liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Commission are charges for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

**NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

**4. Measurement Focus, Basis of Accounting and Financial Statement
Presentation - Continued**

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

For its proprietary activities, the Commission does not apply Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989. The proprietary funds apply all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as statements and interpretations of the FASB, the Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Statement of Net Assets - The statement of net assets is designed to display the financial position of the Commission. The Commission's fund equity is no longer reported as retained earnings and contributed capital, but rather as net assets which is broken down into three categories defined as follows:

- Invested in capital assets, net of related debt - This component of net assets consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - This component of net assets consists of constraints placed on net assets used through external constraints imposed by creditors (such as bond covenants), grantors, contributors, or law or regulations of other governments. It also pertains to constraints imposed by law or constitutional provisions or enabling legislation.
- Unrestricted - This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Statement of Revenues, Expenses, and Changes in Net Assets - The statement of revenues, expenses, and changes in net assets is the operating statement for proprietary funds. Revenues are reported by major source. This statement distinguishes between operating and nonoperating revenues and expenses and presents a separate subtotal for operating revenues, operating expenses, and operating income.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

**NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

5. Deposits and Investments

For purposes of the statement of cash flows, the Commission considers all highly liquid investments with an initial maturity of three months or less when acquired to be cash equivalents.

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statement as increases or decreases in investment income. Investment income on commingled investments of municipal accounting funds is allocated based on average balances. The difference between the bank balance and carrying value is due to outstanding checks and/or deposits in transit.

6. Receivables

Uncollectible Accounts

Accounts receivable have been shown at gross amount. No provision for uncollectible accounts receivable has been provided since it is believed that the amount of such allowance would not be material. There is no unbilled revenue at June 30, 2009.

Interfund Loans

During the course of operations, transactions occur between individual funds that may result in amounts owed between funds. Short-term interfund loans are reported as "due to and from other funds." Noncurrent portions of long-term interfund loans receivable/payable are reported in "advance to/from" accounts.

7. Inventories

Inventories are valued at the lower of cost (first-in, first-out basis) or market. There was no inventory as of June 30, 2009.

8. Capital Assets

Buildings and all equipment are carried at cost and depreciated on a straight-line basis over 40 years. When property is retired or otherwise removed from service, the accumulated provision for depreciation is reduced by its cost and removed, and increase by the salvage value or other amount realized from its retirement or removal.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

**NOTE A - SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES -
CONTINUED**

8. Capital Assets - Continued

Additions to and replacements of utility plant are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction when significant. The cost of renewals and betterments relating to retirement units is added to plant accounts. The cost of property replaced, retired, or otherwise disposed of, is deducted from plant accounts and, generally, together with removal costs less salvage, is charged to accumulated depreciation.

Interest is capitalized on utility property with tax exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest cost is amortized on the same basis as the related asset is depreciated.

9. Other Assets

Debt issuance costs are deferred and amortized over the term of the debt issue.

10. Compensated Absences

The Commission has no employees that receive vacation or sick leave benefits; therefore, no compensated absence liabilities exist at June 30, 2009.

11. Claims and Judgments

Claims and judgments are recorded as liabilities if all the conditions of Governmental Accounting Standards Board pronouncements are met. Claims and judgments that would normally be liquidated with expendable available financial resources are recorded during the year as expenditures in the governmental funds. If they are not to be liquidated with expendable available financial resources, no liability is recognized in the governmental fund statements. The related expenditure is recognized when the liability is liquidated. Claims and judgments are recorded in the government-wide statements and proprietary funds as expenses when the related liabilities are incurred. There were no significant claims or judgments at year-end.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

NOTE B - CASH DEPOSITS

Cash and investments as of June 30, 2009, are classified in the accompanying financial statements as follows:

Statement of net assets

Cash and cash equivalents	\$ 28,798
Net assets and investments	\$ <u>28,798</u>

Cash and investments as of June 30, 2009 consist of the following:

	Carrying Amount	Bank Balance
Investment checking/savings and money market accounts	\$ <u>28,798</u>	\$ <u>28,099</u>
	\$ <u>28,798</u>	\$ <u>28,099</u>

The Commission's deposits in banks at June 30, 2009 were entirely covered by Federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

NOTE C - UTILITY FIXED ASSETS

A summary of changes in Water and/or Wastewater Utility property, plant, and equipment during the current year follows:

Andover Water System

	Balances 6/30/08	Additions	Removals	Balances 6/30/09
Land	\$ -	\$ 1,292	\$ -	\$ 1,292
Well and well pump		123,761		123,761
Distribution system	-	181,724	-	181,724
Storage reservoir	-	81,439	-	81,439
Treatment building	-	129,928	-	129,928
Other capitalized costs	-	109,134	-	109,134
Totals	-	627,278	-	627,278
Less accumulated depreciation	-	1,304	-	1,304
Andover totals	\$ -	\$ 625,974	\$ -	\$ 625,974

Center Junction Wastewater System

	Balances 6/30/08	Additions	Removals	Balances 6/30/09
Land	\$ 61,332	\$ 135	\$ -	\$ 61,467
Collection system	-	335,831	-	335,831
Lift station	-	40,000	-	40,000
Service lines	-	61,608	-	61,608
Lagoon	-	193,585	-	193,585
Other capitalized costs	-	213,447	-	213,447
Totals	61,332	844,606	-	905,938
Less accumulated depreciation	-	1,759	-	1,759
Center Junction totals	\$ 61,332	\$ 842,847	\$ -	\$ 904,179
Total fixed assets	\$ 61,332	\$ 1,468,821	\$ -	\$ 1,530,153

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

NOTE D - CONSTRUCTION IN PROGRESS

A summary of changes in construction in progress as of 6/30/09 follows.

Projects	Balances 6/30/08	Additions	Removals	Balances 6/30/09
Andover	\$ 53,684	\$ 573,595	\$ 627,279	\$ -
Center Junction	706,270	138,336	844,606	-
Elvira	5,940	-	-	5,940
Fairview	52,741	35,905	-	88,646
Lake Delhi	9,810	69	-	9,879
Leisure Lake	44,120	34,102	-	78,222
Petersburg	3,535	-	-	3,535
Totals	<u>\$ 876,100</u>	<u>\$ 782,007</u>	<u>\$ 1,471,885</u>	<u>\$ 186,222</u>

NOTE E - LONG-TERM OBLIGATIONS

Details of the Commission's long-term obligations are set forth below:

	Balances 6/30/08	Additions	Payments	Balances 6/30/09
Promissory note:				
4.125% interest, due in monthly installments of \$870 starting August 1, 2010	\$ 10,000	\$ 190,000	\$ -	\$ 200,000
	<u>\$ 10,000</u>	<u>\$ 190,000</u>	<u>\$ -</u>	<u>\$ 200,000</u>

Maturities of long-term obligations at June 30, 2009 are as follows:

Years	Principal	Interest	Total
2010	\$ -	\$ 8,150	\$ 8,150
2011	2,043	7,527	9,570
2012	2,319	8,121	10,440
2013	2,416	8,024	10,440
2014	2,518	7,922	10,440
2015 - 2019	14,268	37,932	52,200
2020 - 2024	17,530	34,670	52,200
2025 - 2029	21,537	30,663	52,200
2030 - 2034	26,461	25,739	52,200
2035 - 2039	32,509	19,691	52,200
2040 - 2044	39,941	12,259	52,200
2045 - 2048	38,458	3,326	41,784
	<u>\$ 200,000</u>	<u>\$ 204,024</u>	<u>\$ 404,024</u>

Interest only payments are due on 7/1/09 and 7/1/10. The 7/1/09 interest of \$429 was paid in June of 2009. The 7/1/10 interest of \$8,150 is scheduled for payment on or before the due date.

Eastern Iowa Regional Utility
Service Systems Commission
NOTES TO FINANCIAL STATEMENTS - CONTINUED
Year ended June 30, 2009

NOTE F - RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors; and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

SUPPLEMENTAL FINANCIAL INFORMATION

Eastern Iowa Regional Utility
Service Systems Commission
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS

Current assets	
Cash and cash equivalents	\$ 8,695
Receivables	12,500
Total current assets	<u>21,195</u>
Property, plant and equipment	
Land	61,332
Water and wastewater systems	-
	<u>61,332</u>
Less accumulated depreciation	-
Net property, plant and equipment	<u>61,332</u>
Construction in progress	<u>876,100</u>
Total assets	<u><u>\$ 958,627</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 62,720
Current portion of loans payable	273,105
Accrued interest	-
Total current liabilities	<u>335,825</u>
Long-term liabilities	
Loans payable	10,000
Advance from other funds	-
	<u>10,000</u>
Total liabilities	345,825
Net assets	
Invested in capital assets, net of related debt	654,327
Unrestricted	<u>(41,525)</u>
	<u>612,802</u>
Total liabilities and net assets	<u><u>\$ 958,627</u></u>

Eastern Iowa Regional Utility
Service Systems Commission
**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**
For the period of 7/1/2005 through 6/30/08

	Program	General	Total
Operating revenues			
Grant income	\$ 552,089	\$ 100,000	\$ 652,089
Membership fees	-	75,000	75,000
Developer fees	15,050	-	15,050
Total operating revenue	567,139	175,000	742,139
Operating expenses			
Administrative expense	31,477	119,668	151,145
Architect and engineering fees	289,173	-	289,173
Legal fees	9,649	5,876	15,525
Insurance	-	2,634	2,634
Interest expense	8,515	-	8,515
Subcontractor costs	536,097	-	536,097
Other costs	1,189	1,159	2,348
Taxes	-	-	-
Total operating expenses	876,100	129,337	1,005,437
Less - Construction in progress	876,100	-	876,100
Net operating expenses	-	129,337	129,337
Operating income	567,139	45,663	612,802
Non-operating income (expense)	-	-	-
Changes in net assets	567,139	45,663	612,802
Net assets at July 1, 2005	-	-	-
Net assets at June 30, 2008	\$ <u>567,139</u>	\$ <u>45,663</u>	\$ <u>612,802</u>

Eastern Iowa Regional Utility Service Systems Commission
Statement of Revenues, Expenses and Changes in Net Assets - by Program
For the period of 7/01/08 through 6/30/09

	Andover	Center Junction	Elvira	Fairview	Lake Delhi	Leisure Lake	Subtotal	General	Total
Operating revenues									
Grant income	395,810	187,124	-	-	-	31,447	614,380	40,000	654,380
Developer fees	-	4,950	-	-	-	-	4,950	-	4,950
Sales tax refund	10,893	11,052	-	-	-	-	21,945	-	21,945
Service fees collected	-	-	-	-	-	-	-	38,223	38,223
Total operating revenues	406,703	203,126	-	-	-	31,447	641,275	78,223	719,498
Operating expenses									
Administrative expense	5,461	3,855	-	4,862	69	17,398	31,645	38,537	70,182
Architect and engineering fees	32,642	16,405	-	30,423	-	16,371	95,840	-	95,840
Legal fees	10,369	9,010	-	384	-	228	19,991	-	19,991
Insurance	-	-	-	-	-	-	-	3,111	3,111
Interest expense	6,780	13,977	-	-	-	-	20,757	-	20,757
Subcontractor costs	516,852	94,927	-	-	-	-	611,779	-	611,779
Other costs	1,492	162	-	236	-	106	1,996	795	2,791
Depreciation expense	-	-	-	-	-	-	-	3,063	3,063
Service fee costs	-	-	-	-	-	-	-	17,978	17,978
Total operating expenses	573,595	138,336	-	35,905	69	34,103	782,007	63,485	845,492
Less: Construction in Progress	573,595	138,336	-	35,905	69	34,103	782,007	-	782,007
Net operating expense	-	-	-	-	-	-	-	63,485	63,485
Operating income	406,703	203,126	-	-	-	31,447	641,275	14,738	656,013
Non-operating income (expense)									
Interest income	-	-	-	-	-	-	-	107	107
Changes in net assets									
Net assets at July 1, 2008	33,333	497,743	-	-	-	36,063	567,139	45,663	612,802
Net assets at June 30, 2009	440,036	700,869	-	-	-	67,510	1,208,414	60,508	1,268,922

Eastern Iowa Regional Utility Service Systems Commission
Statement of Revenues, Expenses and Changes in Net Assets - by Program
For the period of 7/01/05 through 6/30/08

	Andover	Center Junction	Elvira	Fairview	Lake Delhi	Leisure Lake	Petersburg	Subtotal	General	Total
Operating revenues										
Grant income	33,333	482,693	-	-	-	36,063	-	552,089	100,000	652,089
Membership fees	-	-	-	-	-	-	-	-	75,000	75,000
Developer fees	-	15,050	-	-	-	-	-	15,050	-	15,050
Total operating revenue	33,333	497,743	-	-	-	36,063	-	567,139	175,000	742,139
Operating expenses										
Administrative expense	2,721	13,873	87	4,667	610	9,483	35	31,477	119,668	151,144
Architect and engineering fees	49,441	139,172	5,852	47,730	9,200	34,278	3,500	289,173	-	289,173
Legal fees	1,252	7,705	-	333	-	359	-	9,649	5,876	15,526
Insurance	-	-	-	-	-	-	-	-	2,634	2,634
Interest expense	-	8,515	-	-	-	-	-	8,515	-	8,515
Subcontractor Costs	-	536,097	-	-	-	-	-	536,097	-	536,097
Other costs	270	908	-	11	-	-	-	1,189	1,159	2,349
Depreciation expense	-	-	-	-	-	-	-	-	-	-
Service fee costs	-	-	-	-	-	-	-	-	-	-
Total operating expenses	53,684	706,270	5,940	52,741	9,810	44,120	3,535	876,100	129,337	1,005,437
Less: construction in progress	53,684	706,270	5,940	52,741	9,810	44,120	3,535	876,100	-	876,100
Net operating expenses	-	-	-	-	-	-	-	-	129,337	129,337
Operating income	33,333	497,743	-	-	-	36,063	-	567,139	45,663	612,802
Non-operating income (expense)										
	-	-	-	-	-	-	-	-	-	-
Changes in net assets										
	33,333	497,743	-	-	-	36,063	-	567,139	45,663	612,802
Net assets at July 1, 2005	-	-	-	-	-	-	-	-	-	-
Net assets at June 30, 2008	33,333	497,743	-	-	-	36,063	-	567,139	45,663	612,802

Eastern Iowa Regional Utility
Service Systems Commission
Dubuque, Iowa
SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For the year ended June 30, 2009

<u>Grantor/Program</u>	<u>Federal CDFA Number</u>	<u>Agency or Pass-Through Grantor's Number</u>	<u>Accrual Basis Program Disbursements</u>
Direct			
United States Department of Agriculture			
Infrastructure grant - USDA			
Center Junction	10.760	02, 07	\$ 161,256
Andover	10.760	04,06,09	351,145
Infrastructure loan - USDA	10.760	92-01	<u>190,000</u>
Total United States Department of Agriculture			702,401
Indirect:			
United States Department of Housing and Urban Development			
Passed through Iowa Department of Economic Development			
Grant income - Center Junction	14.228	03-WS-049	30,817
Grant income - Andover	14.228	06-WS-001	<u>44,665</u>
Total United States Department of Housing and Urban Development			<u>75,482</u>
Total Federal Financial Assistance			\$ <u><u>777,883</u></u>

Note: This statement is prepared on the accrual basis of accounting.

OTHER REPORTS



TOSTRUD
&

TEMP, S.C.

Certified Public Accountants

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Your Business Safety Net

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Eastern Iowa Regional Utility
Service Systems Commission
Dubuque, Iowa

We have audited the financial statements of the Eastern Iowa Regional Utility Service Systems Commission as of and for the year ended June 30, 2009 and have issued our report thereon dated June 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

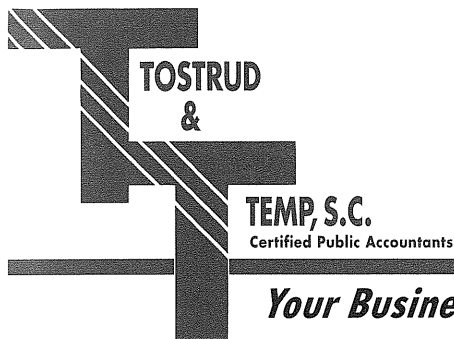
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information of the Commission's management, and the board of commissioners and grantor agencies. However, this report is a matter of public record and its distribution is not limited.

Tostrud + Temp, S.C.

June 23, 2010



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Your Business Safety Net

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO MAJOR PROGRAMS AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Board of Commissioners
Eastern Iowa Regional Utility
Service Systems Commission
Dubuque, Iowa

Compliance

We have audited the compliance of the Eastern Iowa Regional Utility Service Systems Commission ("Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The Commission's major federal programs are identified in the Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the governing board, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Tootrud + Tang, S.C.

June 23, 2010

Eastern Iowa Regional Utility
Service Systems Commission
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2009

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness identified?

___ yes X no

Reportable condition(s) identified not

considered to be material weaknesses?

___ yes X none reported

Noncompliance material to the financial statements?

___ yes X no

Federal Awards

Internal control over financial reporting:

Material weakness identified?

___ yes X no

Reportable condition(s) identified not

considered to be material weaknesses?

___ yes X none

reported

Type of auditor's report issued on compliance
for major programs:

Unqualified

Any audit findings disclosed that are required
to be reported in accordance with Circular A-133
Section .510(1)?

___ yes X no

Identification of major federal program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.760	Water and Waste Disposal Systems for Rural Communities

Dollar threshold used to distinguish
between Type A and Type B programs

\$300,000

Auditee qualified as a low-risk auditee?

___ yes X no

Section II - Financial Statement Findings

NONE

Section III - Federal Findings and Questioned Costs

NONE